

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00  
COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07  
TRSE-00 LAB-04 SIL-01 OMB-01 AGRE-00 STRE-00 L-03  
H-01 ITC-01 DOE-11 SOE-02 /096 W  
-----088757 030124Z /73

R 021423Z MAR 78  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 5225  
INFO AMEMBASSY CANBERRA  
USMISSION GENEVA

C O N F I D E N T I A L BRUSSELS 04099

USEEC

DEPT PASS AGRICULTURE AND STR ELECTRONICALLY. GENEVA

FOR MTN

E.O. 11652: GDS  
TAGS: EEC, TECH, EAGR, AS  
SUBJECT: EC-AUSTRALIAN TALKS

1. AT THE REQUEST OF SIR JAMES PLIMSOLL, AUSTRALIAN  
AMBASSADOR TO THE COMMUNITY, I MET MARCH 1 WITH THE  
AUSTRALIAN STR GARLAND AND A FEW MEMBERS OF HIS PARTY.  
BY FAR THE MOST INTERESTING PART OF THE DISCUSSION WAS  
GARLAND'S AND THE AMBASSADOR'S ACCOUNT OF THEIR CONVERSA-  
TIONS HERE, PARTICULARLY WITH GUNDELACH. THE WAY GARLAND  
PUT IT, HE AND HIS COLLEAGUES WERE HARDLY ABLE TO DIS-  
CUSS THEIR PARTICULAR PROBLEMS WITH THE COMMUNITY BE-  
CAUSE "EMOTIONS ABOUT THE US CONTINUALLY GOT IN THE WAY."  
APPARENTLY, GUNDELACH COMPLAINED THAT WE HAVE NOT  
HONORED THE BERGLAND-GUNDELACH UNDERSTANDING ON GRAINS  
BUT THE AUSSIES WERE UNABLE TO ANSWER MY QUESTION CON-  
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CERNING WHAT ASPECT OF THAT UNDERSTANDING WE ALLEGEDLY  
WERE NOT CARRYING OUT. GUNDELACH HAD INSISTED THAT THE US  
COULD NOT MERELY HAVE AGREEMENTS IT WANTS, E.G., WHEAT  
AND SUGAR, WITHOUT RESPONDING TO THE INTERESTS OF THE  
REST OF THE WORLD. HE INSISTED ON AN OVER-ALL GRAINS  
AGREEMENT AND THE AUSSIES THOUGHT HIS INTEREST WAS IN  
SOME DEGREE OF PRICE STABILITY FOR FEED GRAINS. HE CAME

ON HARD ABOUT THE NEED FOR FIXED FLOOR AND CEILING PRICES, GIVING AS HIS RATIONALE FOR A FLOOR THE NEED TO RESTRAIN COMMUNITY RESTITUTIONS. (IF THIS IS HIS MOTIVE, A COMPROMISE FORMULATION SHOULD BE POSSIBLE.)

2. GUNDELACH SAID THAT IF HE WERE TO MAKE CONCESSIONS ON COMMUNITY SUBSIDIES, A TOPIC WHICH THE AUSSIES HAD HIT HARD, HE WOULD NEED VISIBLE CONCESSIONS FROM THE US FOR HIS FARMERS. THAT SEEMED TO TRANSLATE INTO A GRAINS AGREEMENT, IMPROVED DAIRY ACCESS, AND A MORE HIGHLY DEVELOPED CONSULTATIVE MECHANISM FOR MEAT. ALSO VARIOUS COMMISSION REPRESENTATIVES HAD REPEATEDLY EXPRESSED CONCERN TO GARLAND THAT CONGRESS WOULD NOT DELIVER ON A SUBSIDIES/COUNTERVAIL AGREEMENT.

3. I ASKED GARLAND IF HE INTERPRETED GUNDELACH'S POSITION, THE ESSENCE OF WHICH WAS THAT THE COMMUNITY COULD NOT DO MUCH FOR AUSTRALIA UNLESS THE US DID A GREAT DEAL MORE IN AGRICULTURE, TO BE A TACTIC TO AVOID GIVING AGRICULTURAL CONCESSIONS. GARLAND REPLIED THAT, TO THE CONTRARY, HE WAS CONVINCED THAT GUNDELACH WAS SINCERE IN WANTING TO LIBERALIZE THE CAP AND TO RESTRAIN SUBSIDIES AND IN ARGUING THAT HE NEEDED MOVEMENT FROM THE US TO DO IT.

4. EARL DUTHIE TALKED A BIT ABOUT POSSIBILITIES FOR STRENGTHENING ARTICLE XVI CONCERNING SUBSIDIES AND INDICA-  
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TED THAT HE HAD ELICITED SOME MINIMUM COMMISSION INTEREST. HE WOULD PROPOSE TO REINFORCE EXISTING NOTIFICATION REQUIREMENTS, TO INSTITUTIONALIZE A NEW CONSULTATIVE MECHANISM COMPARABLE TO THE FAO SURPLUS DISPOSAL CONSULTATIVE COMMITTEE, AND TO DEFINE THE MEANING OF "EQUITABLE SHARE OF WORLD TRADE."

5. SINCE GARLAND HAD ALSO SEEN COMMISSIONER BRUNNER. I ASKED ABOUT THE RELATION OF URANIUM TO TRADE NEGOTIATIONS. HE WAS QUITE CLEAR. AUSTRALIA IS READY TO EXPORT URANIUM TO THE COMMUNITY PROVIDED AN ADEQUATE SAFEGUARDS AGREEMENT IS REACHED. BOTH THE COMMISSION AND THE MEMBER STATES ARE REVIEWING A PROPOSED AUSTRALIAN DRAFT WHICH INCIDENTAL- LY CALLS FOR PRIOR APPROVAL BY AUSTRALIA BEFORE AUSTRALIAN URANIUM COULD EITHER BE ENRICHED BEYOND TWENTY PERCENT OR REPROCESSED. BRUNNER IS FAIRLY OPTIMISTIC ABOUT OBTAINING A NEGOTIATING MANDATE FROM THE COUNCIL OF MINISTERS SOON. AS FOR TRADE, BOTH THE AUSTRALIAN TRADE REQUESTS AND THE POSSIBILITY OF URANIUM EXPORTS ARE LYING ON THE "SAME TABLE." THERE IS NO EXPLICIT LINKAGE BUT THE COMMUNITY UNDERSTANDS THAT AUSTRALIAN DECISIONS IN THESE SEPARATE MATTERS WILL BE TAKEN IN THE LIGHT OF THE OVER-ALL

COMMUNITY-AUSTRALIAN RELATIONSHIP.

6. GARLAND INDICATED THAT THE AUSTRALIAN-MTN OFFER, WHICH HE INDICATED WOULD BE MODEST, WAS BEFORE THE CABINET. HE ALSO SAID, IN RESPONSE TO MY SUGGESTIONS, THAT AUSTRALIA WOULD LOOK CAREFULLY AT THE CODES. FINALLY, HE SAID HE WOULD RETURN IN APRIL FOR THE BEGINNING OF SERIOUS BILATERAL TALKS WITH THE COMMISSION. HINTON

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## Message Attributes

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**Channel Indicators:** n/a  
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**Concepts:** AGREEMENTS, RELATIONS WITH REGIONAL ORGS, GRAINS  
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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Enclosure:** n/a  
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**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014